

# INFORMATION LETTER

Not for  
Publication

## NATIONAL CANNERS ASSOCIATION

For Members  
Only

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### N.C.A. Speakers Address State Association Meetings

N.C.A. President Henry P. Taylor and Secretary Carlos Campbell made principal addresses this week at annual meetings of two state canners associations.

President Taylor, in addressing the Wisconsin Canners Association on November 14, urged businessmen not to seek selfish advantage at the expense of the common good but to meet the obligations of good citizenship in the business community.

President Taylor proposes to repeat some of this message at the annual meeting of the Pennsylvania Canners Association next week, after which excerpts from the manuscript will be reproduced in the INFORMATION LETTER.

Secretary Campbell addressed the Indiana Canners Association on November 16. He asserted that "the normal economic checks and balances operate to control canned food prices, and artificial controls are not needed now."

Mr. Campbell stated that canning industry production has been kept at a high level since World War II through the process of maintaining a relatively lower level of prices to consumers. This policy, which he stated is "in keeping with the sound economic philosophy that prosperity of the Nation results from a high level of production."

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### Gray Board Report Recommends Measures To Expand Production Abroad and To Expand World Trade through Tariff Reductions

A lengthy report on United States foreign economic policy—on the basis of which the President may be expected to make recommendations to the 82nd Congress—was released by the White House on November 12.

Prepared by the "Gray Board," headed by Gordon Gray, former Secretary of the Army, the report recommends what the U. S. should do in organizing and administering programs of world-wide economic development, expanding world trade, and speeding economic recovery of the free nations of the world.

The report was submitted in response to the President's request, last March, that Mr. Gray undertake to

### NPA Order Places New Limitation On Inventory Stocks of Pig Tin

The National Production Authority's Order M-8, effective November 13, limits inventories of pig tin in the hands of dealers of tin alloys and other materials in which tin is of chief value and which were not covered in NPA Reg. 1 on inventory control. NPA Reg. 1 was effective September 18 (see INFORMATION LETTER of September 23, page 281).

#### NPA Issues Interpretations To Inventory Control Order

The National Production Authority on November 14 issued three interpretations of its inventory control regulation, NPA Reg. 1. The interpretations cover methods of adjusting orders, the extent of the imported materials exemption, and deliveries of goods through intermediate distributors.

The inventory control regulation limits to a "practicable minimum working inventory" the quantities of a number of listed items which may be ordered, received or delivered. Only ultimate consumers buying for personal or household use are exempted from provisions of the regulation.

#### Methods of Adjusting Orders

The regulation provides that in cases where deliveries of goods covered by

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NPA Reg. 1 directed all businessmen to keep their stocks of selected materials, including tin, at the "practicable minimum working inventory." NPA Order M-8 contains an identical prohibition on excessive stocks and also limits inventories to the smallest quantities of pig tin required for the user's scheduled rate of operation for the next 60 days, whichever is less.

M-8 also requires monthly reports on all transactions in pig tin from pig tin producers, importers, distributors, and others using in excess of 1,000 pounds of pig tin monthly. The first

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### Wage-Hour Written Assurances

The N.C.A. last week filed a memorandum calling attention of the Wage-Hour Administrator to an unsatisfactory condition created by the issuance and application to the canning industry of the recent Interpretative Bulletin, Part 789, insofar as it relates to protection against the "hot goods" penalties.

The Interpretative Bulletin directs the Wage-Hour Division to enforce the Fair Labor Standards Act in accordance with the principle that a purchaser has not acquired goods in reliance on a specified written assurance unless he receives a written assurance at the time he acquires each individual lot of goods.

The N.C.A. brief described canning industry procurement practices and requested that the Administrator issue a statement of enforcement policy which acknowledges the unusual procurement practices existent in the industry and which makes available to canners an alternative compliance procedure more cognizant of the unusual conditions prevailing in the industry.

make recommendations on U. S. actions in the field of foreign economic policies and programs, and specifically what to do when the Marshall Plan expires in 1952. In the usual format of government reports, 6 by 9 inches, the report covers 100 pages plus a 30-page statistical appendix.

The over-all program recommended by the Gray Board would entail bil-

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### Gray Board Report

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lions of dollars for both grants and loans.

The summary of the Gray Board report contains 22 recommendations, most of which are summarized:

#### Aid to Western Europe and Japan

1. The U. S. should be prepared to continue supplying aid to Western Europe, apart from military equipment, for another three or four years.

2. In the joint planning of security programs, adequate consideration should be given to the importance of a high volume of European exports.

3. In view of the special importance of the pound sterling in world trade and of a strong position of the United Kingdom, the needed rate of increase in British military expenditures should be achieved by means that avoid seriously worsening the external position of the U. K.

4. Further appropriations for Japanese aid should be carefully considered and measured against the effect of the favorable circumstances brought about by current developments.

#### Underdeveloped Areas

5. Private investment should be considered as the most desirable means of providing capital abroad. Investment treaties to encourage private investment should be expedited, and the bill to authorize government guarantees of private investment against the risks of nonconvertibility and expropriation should be enacted as a worthwhile experiment.

6. The combined efforts of the International Bank for Reconstruction and Development, supplemented by the Export-Import Bank and coordinated with technical assistance activities, should aim at a net outflow of capital to underdeveloped areas in the range of \$600 to \$800 millions annually. The lending authority of the Export-Import Bank should be increased from the present \$3.5 to a total of \$5 billions. A general policy of permitting U. S. loans to be spent outside as well as within the U. S. should be adopted, so that loan recipients may buy goods wherever they are cheapest and so that other industrial countries will be enabled to expand exports and dollar earnings; this would tend to help relieve inflationary shortages at the present time in the U. S.

7. Present technical assistance programs in underdeveloped areas should be expanded in scope and made more effective. Grants may appropriately be used for development and technical assistance, where development programs urgently needed from the standpoint of U. S. objectives cannot be soundly financed by loans and

where grants will be an effective spur to economic development.

8. The administration of programs to stimulate development in underdeveloped areas—including loans, technical assistance, grants and measures to encourage private investment—should be much more closely coordinated than is now the case.

#### Goods in Short Supply

9. Methods for international collaboration should be promptly established for guiding supplies of scarce materials among the free nations in the manner best calculated to contribute to the common defense.

#### International Trade

10. The U. S. should continue to work for the elimination of discriminatory trade and exchange practices through the General Agreement on Tariffs and Trade, the Reciprocal Trade Agreements Act, and the International Monetary Fund. The U. S. should become a member of the International Trade Organization.

11. The U. S. should continue to seek general tariff reductions under GATT; renew the Reciprocal Trade Agreements Act for a period of four years; adopt legislation to permit temporary unilateral reductions on tariff rates on specific commodities which are scarce; reduce unnecessary and unreasonable regulatory and procedural barriers by administrative action and by passing the proposed Customs Simplification Act; initiate through the Tariff Commission a study of the feasibility and desirability of a general tariff reclassification; and repeal the "Buy American" Act.

12. The U. S. should attempt to modify our price support system in ways which will also be helpful to our foreign relations. In the meantime, the U. S. should eliminate import embargoes imposed for other than sanitary or similar reasons; and the U. S. should not encourage increases in the domestic production of crops which have to be protected not only by quotas and tariffs but also by direct subsidies to producers.

#### Administering Foreign Economic Programs

13. Foreign economic assistance activities should, in general, be initiated only when requested by other governments and when the latter are prepared to make appropriate contributions and provide cooperative effort.

14. Grants and loans should be made conditional upon agreements as to reasonable standards of performance and should be used to help achieve these standards.

15. The U. S. should help to strengthen appropriate international and regional organizations and to increase the scope of these activities.

16. An agency or organization should be established within the U. S. Government to administer foreign economic programs. Its functions should include the administration of all grant and technical assistance programs (except the provision of military equipment) and the administration of other related activities, such as the stimulation of needed materials production abroad. It is also necessary to follow through on present efforts to improve the machinery within the government for coordinating operations in the foreign economic field with over-all foreign policy.

Most controversial subject covered by the Gray Board, from a national point-of-view, is the program for technical assistance to underdeveloped areas. This evolved out of the recommendation made as "Point Four" of President Truman's inaugural address in 1949. The 81st Congress enacted the Act for International Development, authorizing the U. S. to proceed with technical assistance projects, and appropriated \$84.5 millions for first-year operations.

The U. S. Point Four program contemplates the employment of technicians to go abroad and instruct peoples in the underdeveloped areas how to utilize modern equipment and techniques. In addition to grants for that purpose, to be matched by the recipient countries, the Point Four program contemplates that private U. S. capital will help with economic development abroad, and that public funds will be either granted or loaned for the same general objective.

The President on November 14 announced the appointment of Dr. Henry Garland Bennett, president of Oklahoma A. & M., to head the Point Four program with the title of Administrator of the Technical Cooperation Administration.

The President also has announced that Nelson Rockefeller has been appointed Chairman of the Advisory Board created under the Act for International Development to advise and consult with respect to general or basic policy matters arising in connection with operation of the Point Four program.

Meanwhile, the various executive agencies of the government have been asked by the President to study the Gray Board report. Meantime, the State Department, USDA, Interior Department, and Economic Cooperation Administration are already engaging in Point Four activities. So, also, is the Food and Agriculture Organization of the United Nations, to which the U. S. is chief contributor.

## DEFENSE

### Steel for New Shipping

Supplementing its Order M-1, limiting civilian use of steel, the National Production Authority on November 15 directed that 10,000 tons of steel be provided each month during the first quarter of 1951 for the construction of nine ore vessels, one limestone vessel, and two freight car ferries for use on the Great Lakes.

This allocation is in addition to the 310,000 tons of steel to be used for the freight car program. Similarly, this allocation will be in addition to the quantities of steel having defense priority use under the "DO" rating system. Both the vessel construction and freight car programs are to be effective January 1, 1951.

Steel needs for the vessel construction program during the second quarter of 1951 will be announced later.

### NPA Inventory Interpretations

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outstanding orders would result in a person exceeding his practicable minimum working inventory, he must promptly cancel, reduce, or defer such orders to the extent necessary to meet the requirements of the regulation.

The interpretation makes clear that the regulation does not dictate which one of these methods of adjustment is to be used. It explains that the regulation does not require cancellation of orders nor give either buyer or seller an absolute right to cancel, but gives to each the alternatives of reduction or deferral. The matter is left to negotiation between them. In this way, interference with existing contracts between the two can be minimized, NPA said.

### Exemption of Imported Materials

The inventory control regulation provides certain exemptions with respect to imported materials.

These exemptions also extend to persons who contract for the material prior to landing even though they buy from or through an importing broker, wholesaler, or other importer who makes the customs entry in his own name, places the material on board a carrier for inland shipment, and retains title until shipment is made. If the importing broker, wholesaler or other importer takes the material into his own stock or inventory, however, any person to whom he delivers it is

subject to the regulation. The latter may not accept delivery if as a result his inventory would exceed the minimum practicable working level.

Provisions for adjustment of outstanding orders do not apply to orders for imported material placed by persons who are entitled to take delivery from or through the broker, wholesaler or other importer who does not take the materials into his own stock or inventory.

### Deliveries Through Intermediate Distributors

As spelled out in the inventory control regulation, delivery of materials may be made and accepted in certain special cases after orders have been adjusted, even though this results in inventories in excess of minimum practicable working amounts. These cases involve situations where the supplier, before being informed that delivery must be withheld, has already progressed so far toward filling the order that it would be unreasonable to force him to stop delivery.

The interpretation specifies that intervening dealers, who stand between such a supplier and the ultimate purchaser into whose inventory the material will go, may likewise make delivery provided they do not take the material into their own inventory. In other words, the purpose is to preserve the role of such an intervening dealer as a conduit rather than an inventory-carrying merchant, by enabling him to pass along the material from the supplier to the customer for whom physical delivery is intended. He is permitted to do this in any case where the supplier could make delivery on a direct sale to the customer.

### Use of Aluminum

Civilian use of aluminum will be reduced to 65 percent of the available supply, beginning January 1, under terms of Order M-7 issued November 13 by the National Production Authority. M-7 provides that users of aluminum may not use for non-defense purposes within each quarter more than 65 percent of the average quarterly use of aluminum during the first six months of this year.

To provide time for the necessary adjustment, this reduction in the availability of aluminum for civilian use has been scheduled to become effective in January. During December of this year, users of aluminum will be permitted up to 100 percent of their average monthly consumption during the first six months of 1950.

The order applies to users of aluminum products and forms. It does not

place any limit on production by aluminum producers or converters to aluminum forms or products or on use in the production of other metals or metal alloys.

Aluminum withheld from civilian use is obtainable for "DO" rated orders under NPA Reg. 2 (see INFORMATION LETTER of October 7, page 293).

### Inventory Stocks of Pig Tin

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report, covering all pig tin operations and transactions during October, will be submitted to NPA by November 20. Beginning on December 20 and continuing on the 20th day of each month thereafter, similar reports must be filed with NPA.

Manufacturers of tinplate are among the firms to which M-8 is directed, but NPA indicates that this order affects only their stocks of pig tin and not stocks of tinplate.

M-8 was published in the *Federal Register* of November 15.

## STATISTICS

### Spinach for Processing

The 1950 production of spinach for processing is 26,280 tons, according to a preliminary estimate by the Bureau of Agricultural Economics. This estimate, which covers production in the five principal fall-crop states, is 26 percent larger than the 20,900 tons harvested in 1949.

State and Season Group	Acreage		Production	
	1949 (acres)	1950	1949 (tons)	1950
Texas Winter....	8,000	5,000	13,600	5,000
California Winter....	7,470	7,340	39,600	40,400
Virginia.....	1,000	700	3,100	2,340
Spring.....	450	300	1,200	900
Fall.....	550	400	1,900	1,440
Maryland.....	1,060	900	1,880	1,640
Spring.....	360	500	680	1,000
Fall.....	700	400	1,200	640
Arkansas.....	5,750	6,000	10,300	10,100
Spring.....	4,100	3,500	7,000	5,600
Fall.....	1,650	2,500	3,300	4,500
Oklahoma.....	9,100	11,200	15,500	18,000
Spring.....	6,100	5,200	11,000	7,800
Fall.....	3,000	6,000	4,500	10,200
New Jersey Fall.....	2,000	1,900	10,000	9,500
Total, 7 states	34,380	33,040	93,980	86,980
Winter and Spring...	26,480	21,840	73,080	60,700
Fall.....	7,900	11,200	20,000	26,280

### Lima Beans for Processing

The preliminary estimate of the 1950 production of green lima beans for canning, freezing and other processing is 78,430 tons, according to the Bureau of Agricultural Economics.

State	Production	
	1949	1950
	(tons shelled)	
New York.....	1,270	1,060
New Jersey.....	8,650	9,020
Pennsylvania.....	3,420	2,560
Ohio.....	430	310
Michigan.....	3,680	1,300
Wisconsin.....	6,800	3,060
Delaware.....	11,700	14,540
Maryland.....	5,440	3,500
Virginia.....	3,200	2,540
Washington.....	2,740	1,840
California.....	24,980	24,440
Other states <sup>1</sup> .....	14,770	14,260
U. S. Total.....	87,170	78,430

<sup>1</sup> Ark., Colo., Ga., Idaho, Ill., Ind., Iowa, Kans., Minn., Miss., N. C., Okla., Ore., Tenn., and Utah.

### Cucumbers for Pickles

Total stocks of salt and dill pickles in tanks and barrels on October 1 are estimated at 8,127,000 bushels, according to the Bureau of Agricultural Economics. The 1950 holdings are about 29 percent less than the 1949 holdings of 11,410,000 bushels.

Stocks from the 1950 crop are estimated at 4,734,000 bushels. These holdings compare with holdings from the 1949 crop of 9,312,000 bushels.

The October 1, 1950, carryover from previous crops amounted to 3,393,000 bushels. This compares with the October 1, 1949, carryover of 2,098,000 bushels.

Preliminary estimates by BAE place the 1950 production of pickling cucumbers at 7,359,000 bushels, about 38 percent less than the 1949 production of 11,849,000 bushels.

### Pimientos for Processing

A harvest of 37,200 tons of pimientos for processing in Georgia is estimated for 1950 by the Bureau of Agricultural Economics. This preliminary estimate of production is about 57 percent above the 1949 production of 23,770 tons and compares with the previous record production of 34,250 tons in 1938.

The yield of 1.20 tons of processing pimientos in 1950 compares with 0.97 tons obtained last year.

### State Association Meetings

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duction," has brought about an increased per capita consumption of canned fruits and vegetables of about 30 percent more than in prewar years. The competitive condition in the industry held prices to consumers at levels relatively lower than most other food items.

The resulting increased canned foods consumption led to higher levels of production, he said. When prices reach a level that creates consumer resistance and canned foods begin to back up in distribution channels, the advance in prices is quickly erased, Mr. Campbell explained. "These are the forces," he said, "that control prices of canned fruits and vegetables more effectively than any that can be conceived and executed by man."

"Today's prices of canned foods are still approximately 7 percent below the average of 1948, despite the outbreak of the Korean war. On the other hand, wholesale and retail prices of all foods are at about the 1948 level with a general cost of living figure quoted by the Bureau of Labor Statistics index at about 3 points higher than the 1948 level.

"The fact that prices of canned fruits and vegetables have lagged behind other foods and other items included in the government's cost of living index is characteristic of the long-time trend in prices of canned fruits and vegetables. Rises in canners' prices have been much less than the increases canners have had to meet in their principal items of cost. They paid their vegetable growers last year nearly 2½ times the average of 10 years ago, and their labor at least 2½ more than the average wage paid just prior to World War II. By contrast, consumers are paying only about 1½ times as much as they paid prewar for finished canned fruits and vegetables."

## TRAFFIC

### Reefer Carloading

The Association of American Railroads calls attention again to the need for covering floor racks of refrigerator cars in which canned foods are shipped.

Noting a continuing high level of damage claims filed against the railroads by canners because of damage to canned foods loaded in these cars, the AAR points out that if floor racks are properly covered, boxes will be much less likely to catch on the racks and thereby suffer heavy damage.

"Aside from this floor rack condition," the AAR advises, "the refrigerator car with its flush doors and smooth walls is an ideal car for canned foods. Yet in a comparison of damage to 100 boxcars and 100 refrigerator cars it was found that the damage in the refrigerator cars exceeded by 60 percent the damage occurring in the boxcars. Presumably, there would have been no such difference if the floor racks had been tightened, if loose, and, above all, properly covered."

In view of the August 1 order of the Interstate Commerce Commission, allowing railroads to substitute reefer cars for boxcars for certain purposes, it is expected that refrigerator cars will be widely used for canned foods.

The total payments made by the railroads for claims of alleged damage to No. 10 and 46-oz. cans during 1950 is estimated by the AAR at \$596,000.

Canners may obtain from the railroads serving their plants a booklet illustrating and describing how cars should be prepared for loading and how canned foods can be loaded to best advantage so that damage will be unlikely to occur.

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